

STATEMENT OF PURPOSE

RS19225

This legislation allows victims of fraudulent investment arrangements such as Ponzi schemes to utilize unused losses when calculating net operating loss carryovers. In accordance with the federal tax code, Idaho allows a deduction for such losses as a theft loss. To the extent the losses are greater than the taxpayer's taxable revenues, they can be carried over to offset the profits of other years as part of a net operating loss under federal law. Idaho, however, does not allow such losses to be considered in the calculation of net operating losses. This bill allows the inclusion of such excess losses when computing Idaho net operating losses, thus permitting up to \$100,000 to be "carried back" two years and the remainder to be deducted in future years ("carried forward") until exhausted to a maximum of twenty years.

FISCAL NOTE

It is estimated that this legislation would reduce income tax receipts to the General Fund by \$500,000 to \$1 million each year.

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